Guide to cloud computing



**Putting IT operations outside your business under what’s known as cloud computing offers big benefits to businesses. But while doing it with basic applications such as email can be straightforward, make sure you know what you’re signing up for before migrating more critical data…**

* Case study

[**Rathbone Wines outsourcing email to safeguard orders**](http://smarter.telstrabusiness.com/business/case-study-rathbone-wines-and-email-outsourcing.htm)

There is a lot of buzz about cloud computing, the process whereby computing and telecommunications services are supplied as a utility via the internet. And with good reason: having a provider manage your business software, communications and data storage brings many potential benefits, not least of which are cost savings.  
  
For starters, you get rid of the need to make any upfront capital outlay for servers and software. In theory, much like electricity, you pay for what you use, when you use it – and you can quickly scale your service up or down to meet shifting business conditions.  
  
By hiring what amounts to a slice of a very large data centre, SMEs can access reliability and security far better than they might be able to afford if managing their own computer systems.  
  
They also no longer have to tackle time-consuming backups, or get involved in patching software or managing upgrades, as this is all handled by the cloud provider.   
  
Another real benefit is increased mobility. Cloud-based systems can be accessed from anywhere there is an internet connection. This is particularly important for SMEs with employees on the road and very small and highly mobile businesses.   
  
Even the smallest businesses can access their data securely wherever they have internet access, knowing that their customer data is stored securely in the cloud when they aren’t using it.  
  
“Security can be expensive and labour-intensive and SMEs often don’t have an IT manager – the business owner has to handle technology,” says Kelly Innis, online product manager for Microsoft ® Australia, which offers a range of cloud options. “Cloud services allow them to spend time on the business, not on IT.”  
  
According to a survey conducted by Springboard Research in September 2010, 60 per cent of Australian organisations now have some form of cloud initiative in place. Springboard’s research director, John Brand, says customer relationship management (CRM) applications and email are particularly attractive for SMEs.  
  
The demand for cloud-based accounting systems is also on the increase, with a range of accounting software offerings – such as Xero®, MYOB, Sage and NetSuite – now on offer.  
  
While moving email and some basic collaboration tools to the cloud is a relatively simple exercise, careful consideration must be given if more mission-critical data and applications are to be migrated.   
It’s important to understand what’s involved and examine what different vendors are offering. Questions that need answering include:

**What are the service-level agreements on offer?**From time to time, all cloud services will have outages, when the system goes down. So it’s important to consider the cloud provider’s service record, how it compares with other providers, and what penalties or credits on costs of service apply when there are outages.

**What happens if data is lost or compromised?**   
How is data backed up? What are the provider’s disaster recovery and business continuity undertakings? Will you be compensated if data is lost?

**Will it be easy to switch cloud providers in the future, or will you be locked in?**To date, there are few standards in cloud computing, so it’s worth checking if your supplier’s technical standards are also used by other providers.

**What sort of latency,or lag, applies?**This varies and times can be slow, especially if the cloud is based overseas. For some businesses and services, delays will be critical.

**Will moving to the cloud affect telecommunications bills?**If uploading or downloading a lot of data, this may prove expensive, so companies need to read the terms and conditions carefully and consider getting independent legal advice on obligations and rights.

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Compare the service-level agreements available. Microsoft applications sold through Telstra’s T-Suite ® cloud computing offer, for example, 99.9 per cent target service availability, plus service credits if service levels aren’t met.  
  
CloudSleuth is a new internet service for comparing the performance of different clouds. At present, it mainly tracks the performance of the big international clouds of companies, such as Amazon, Google and Microsoft, but, over time, it’s likely more cloud providers will join.  
  
When it launched in November, it showed Sydney users of Google Apps to be experiencing backbone network latencies of around 15 seconds, against 14.15 seconds for Windows Azure ® and 18 seconds for Amazon’s EC2 cloud. For some applications, that may be tolerable.   
  
Companies need to consider how much data they must load to the cloud, as they could find uploading a large amount of production data into a business intelligence cloud each night and sending it overseas prohibitively costly.  
  
And moving your data to a different cloud is now becoming a bit more straightforward than it had been. In October, an Intel-led initiative called the Open Data Centre Alliance was established to help avoid cloud lock-in by creating standards that would allow more secure, efficient, and simplified cloud data centres to emerge that preserve IT flexibility and choice.  
  
Companies need to check a cloud provider’s fine print on its service flexibility. Kelly Innis says SMEs signing up for Microsoft applications delivered over Telstra’s T-Suite service sign a 12-month contract. “In the worst case, if they had to suddenly scale back their business, they would pay the balance of the contract,” she says.  
  
Users of the RightNow’s cloud-based customer experience service can sign up for a premium contract that gives price certainty for three years, but allows them to terminate every 12 months. They can build seasonality into each 12-month period by allocating a range of different “seat”, or user-months, so that access can be increased at busy periods such as Christmas, for example.

Case Study: Rathbone Wines and email outsourcing



**Why a winemaker joined the cloud...**

* **See main feature**

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Bottle shops or wine merchants running low on stocks often place orders by email. But when winemakers lose emails, they lose orders, too, and it was this problem that led Rathbone Wine Group, parent of brands such as Yering Station, Parker Coonawarra Estate and Xanadu, to cloud computing.  
  
Paul Lenehan, Rathbone’s ICT manager, explains that organisations with a sufficient volume of email traffic to manage each day probably need one IT staff member just looking after the email server. As one of a team of just three, Lenehan quickly worked out he needed an alternative.  
  
Earlier this year, he moved all Rathbone’s email across to Microsoft Outlook, which Telstra offers as a cloud service through T-Suite ®. With three huge data centres underpinning its cloud service, Lenehan knows someone else is managing the system and keeping it up to date. He feels secure that he’s getting better reliability than he would have been able to manage if he had been running a single email server himself.  
  
Another benefit is that each email user can keep up to 25GB of emails in the cloud. If for some reason an employee’s laptop crashes or is stolen, their email records are still available.  
  
“I think cloud is the way to go resource-wise, management-wise and for the reliability,” Lenehan says.  
  
Buying IT software as a cloud service means a company gets access to the latest technology without having to pay for it directly. There’s no capital expense, just a monthly operating expense.He’s been so pleased with the performance of email in the cloud, he’s now in the process of moving virus scanning to the cloud. “The client can run a script which installs the virus scanner, then we can push updates to the machines and monitor them that way – we don’t have to visit every machine,” he explains.  
  
“I might look at storage next,” he says. Instead of performing daily backups and taking hard drives home every night for security, Lenehan’s considering accessing a cloud based storage service so that all his data is securely stored off premises.